

Armour Residential REIT, Inc.  
Form 10-Q  
May 02, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

ARMOUR RESIDENTIAL REIT, INC.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

001-34766  
(Commission File Number)

26-1908763  
(I.R.S. Employer Identification  
No.)

3001 Ocean Drive, Suite 201, Vero Beach, FL 32963  
(Address of principal executive offices)(zip code)

(772) 617-4340  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The number of outstanding shares of the Registrant's common stock as of May 1, 2013 was 374,119,857.

ARMOUR Residential REIT, Inc.  
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ARMOUR Residential REIT, Inc. and Subsidiary  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except per share amounts)  
(Unaudited)

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

	March 31, 2013	December 31, 2012
<b>Assets</b>		
Cash and cash equivalents	\$ 836,501	\$ 771,282
Cash collateral posted	230,451	265,552
Agency Securities, available for sale, at fair value (including pledged assets of \$23,810,215 and \$18,578,690)	24,339,169	19,096,562
Receivable for unsettled securities	2,226,168	668,244
Derivatives, at fair value	38,923	5,367
Principal payments receivable	9,381	16,037
Accrued interest receivable	71,664	55,430
Prepaid and other assets	559	404
<b>Total Assets</b>	<b>\$ 27,752,816</b>	<b>\$ 20,878,878</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Repurchase agreements	\$ 24,828,614	\$ 18,366,095
Derivatives, at fair value	191,514	190,540
Accrued interest payable	10,302	10,064
Cash collateral held	10,155	-
Accounts payable and accrued expenses	3,425	4,395
Dividends payable	8	9
<b>Total Liabilities</b>	<b>25,044,018</b>	<b>18,571,103</b>
<b>Stockholders' Equity:</b>		
Preferred stock, \$0.001 par value, 50,000 shares authorized;		
8.250% Series A Cumulative Preferred Stock; 2,181 and 2,006 issued and outstanding at March 31, 2013 and December 31, 2012	2	2
7.875% Series B Cumulative Preferred Stock; 5,650 and none issued and outstanding at March 31, 2013 and December 31, 2012	6	-
Common stock, \$0.001 par value, 1,000,000 shares authorized, 374,053 and 309,013 shares issued and outstanding at March 31, 2013 and December 31, 2012	374	309
Additional paid-in capital	2,805,755	2,226,198

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Accumulated deficit	(129,334)	(149,298)
Accumulated other comprehensive income	31,995	230,564
Total Stockholders' Equity	2,708,798	2,307,775
Total Liabilities and Stockholders' Equity	\$ 27,752,816	\$ 20,878,878

See notes to condensed consolidated financial statements.

ARMOUR Residential REIT, Inc. and Subsidiary  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except per share amounts)  
(Unaudited)

	For the Quarters Ended	
	March 31, 2013	March 31, 2012
<b>Interest Income:</b>		
Interest income, net of amortization of premium	\$ 130,637	\$ 62,763
<b>Interest expense:</b>		
Repurchase agreements	(25,475)	(6,929)
Net interest income	105,162	55,834
<b>Other Income:</b>		
Realized gain on sale of Agency Securities (reclassified from Other comprehensive (loss) income)	18,514	6,316
Realized loss on derivatives (Note 8)	(29,053)	(9,741)
Unrealized gain on derivatives	16,301	17,614
Subtotal	(12,752)	7,873
Total other income	5,762	14,189
<b>Expenses:</b>		
Management fee	6,633	3,512
Professional fees	1,004	511
Insurance	78	49
Compensation	257	493
Other	662	266
Total expenses	8,634	4,831
Net income before taxes	102,290	65,192
Income tax benefit	-	32
Net Income	102,290	65,224
Dividends declared on preferred stock	(2,497)	-
Net Income available to common stockholders	\$ 99,793	\$ 65,224